

Changes to the Housing Options Service

Report of Councillor Angela Lax, Cabinet Member for Regulatory, Housing and Health



Date:	10th November 2020
Agenda Item:	4
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Key Decision?	YES
Local Ward Members	All, as applies to the whole of Lichfield district.

CABINET

1. Executive Summary

- 1.1 This report sets out proposals to change the way in which the housing register and allocations scheme are administered following Bromford's reversal of its decision to manage these on our behalf. The long standing agreement for this is contained in the 2010 Deed of Covenant and Variation to the 1997 housing stock transfer agreement, the proposed variation of which is set out in confidential **Appendix D**.
- 1.2 Due to this change, after a careful consideration of our options we are proposing to operate the allocations scheme in-house and run our own CBL system after the current one Homes Direct¹ closes on 31st March 2021. Several changes will therefore be needed to how the housing options team work and new staff will be needed to deal with the additional workload this will bring; this report outlines these changes and seeks support for the new arrangements. The report also outlines minor changes needed to the new allocation scheme for social housing that was previously agreed by Cabinet in 2018.

2. Recommendations

- 2.1 That Cabinet approve the new arrangements for the administration of the housing register and allocations scheme.
- 2.2 That Cabinet approves the revised allocation scheme at **Appendix B** for final consultation with registered providers, and delegates authority to the Cabinet Member for Regulatory, Housing and Health and the Head of Regulatory Services, Housing and Wellbeing to make further amendments if required after consideration of the RP responses and in the future if minor amendments are needed.
- 2.3 See confidential **Appendix D**

3. Background

- 3.1 At the meeting on the 9th October 2018² Cabinet approved a revised allocation scheme³ and a proposal to move away from the CBL system Homes Direct to a new housing register and allocations system which would continue to be run on the council's behalf by Bromford.
- 3.2 Last year Bromford advised us that they no longer wished to manage the housing register and operate a choice based lettings scheme on our behalf and therefore wanted to vary the terms of their agreement with

¹ The Homes Direct partnership Board consists of several RP's and councils in the West Midlands. Bromford sit on the Board and we are part of the scheme through our SLA with them. It is managed by Midland Heart housing association.

² <https://democracy.lichfielddc.gov.uk/mgChooseDocPack.aspx?ID=234>

³ Delegated authority for minor changes to the scheme was given to the Cabinet Member for Housing.

us once Homes Direct ends. We are currently the only local authority out of 50 in which Bromford operate where they manage a housing register and this would mean consistency across their whole operational area. We had previously been advised that Homes Direct would most likely continue until July 2021, however in September, Midland Heart who manage the scheme advised the Homes Direct Partnership Board that they would no longer manage the system after 31st March 2021 and so it would now close to all partners on this date.

3.3 We have a Nominations Agreement with Bromford which entitles the council to nominate applicants to 75% of their lettings. Bromford have confirmed that they are still committed to working with us in the new CBL system to be able allocate these, but will have their own system to allocate the remaining 25% of their lettings. Although we do not yet have final details as it has not yet been fully developed, we have been advised that it will not be a choice based, but will instead be a waiting list that they will open periodically depending on the number of void properties and applicants on their list. This move away from a choice based system is in line with many other Registered Providers (RPs) that are considering, or have already taken the decision, to break away from CBL partnerships that cover wide geographical areas such as Homes Direct. A survey of the sector in 2019⁴ suggested that there is a trend to be moving away from CBL to RPs operating their own waiting lists and it was reported by one RP that 'having their own waiting lists has proven to be much easier to manage and provides sufficient demand to meet our needs'.

3.4 Following Bromford's decision, we have fully explored our options for providing nominations to Bromford and the other RPs. From a legal perspective, the Housing Act 1996 requires local housing authorities (regardless of owning housing stock) to have an allocation scheme in place that determines who is eligible and qualifies for social housing in its area, and how priority is determined between applicants.

3.5 In exploring our options we have looked at what other councils do and two options exist, firstly to hold a list of applicants from which we send direct nominations to RPs or secondly to operate and manage our own CBL scheme. In order to fully consider these two approaches we have taken time to consider the advantages and disadvantages of CBL schemes versus providing nominations and a summary of these is set out in **Appendix A**. Although there are several advantages and disadvantages to each, after considering them and consulting members of the overview and scrutiny committee, it is considered more advantageous to maintain a CBL approach at the present time. The main reasons for this are:

- There would be transparency over homes available to rent by the main RPs as they would be advertised in one location. It would also promote tenant mobility with the ability to advertise mutual exchanges
- It will provide us with intelligence on the demand for social rented housing e.g. bidding history showing the popularity of areas and we will be able to obtain reports for all RP's in one place
- It will promote customer choice and encourage the creation of sustainable tenancies and communities as the initiative to apply for a property has to be taken by the customer (or via a housing options officer for those that require support) rather than being the passive recipient of the offer of a property under a nominations only system
- We will have the ability to advertise private rented sector properties in the future if there was demand and also advertise our own properties.

3.6 In order to evaluate systems we contacted all housing register software providers and had presentations from key providers in 2019. Average annual costs for a system vary considerably up to £50,000. Fortunately, we can use the governments G-Cloud system to check current prices without needing to run a full tender or competition procurement process as all the software providers that provide the systems we need are registered on the G-cloud portal known as the Digital Marketplace.

⁴ <http://www.cih.org/resources/Rethinking%20allocations.pdf>

3.7 We have a homelessness database called Prevention Relief Accommodation and Homelessness (PRAH), which was developed by a software company called Housing Partners (now part of MRI⁵). It is one of a suite of modules called Housing Jigsaw that now includes housing register software called Enhanced Housing Register (EHR), which sits alongside PRAH and can share the same data. Housing Jigsaw also has a property advertising portal called Advertise to Let Allocation service (ATLAS) that runs on a CBL basis. We have looked at G-Cloud and MRIs cost for acquiring EHR and ATLAS, is the cheapest of similar systems advertised by other providers. So as well as being the cheapest, the additional 2 Housing Jigsaw modules is also our preferred option as they would integrate with PRAH, our system for managing homelessness that we have a statutory responsibility for. This software would give us the option to operate our own CBL scheme via ATLAS or just provide nominations through EHR if we chose to in the future.

3.8 In addition to the cost of purchasing the system, managing the housing register and a CBL system in-house will incur several additional costs, predominantly for additional staff. In estimating costs we have considered the likely number of applicants we would have on the register under the new allocations scheme, and the additional staff time needed to verify the additional applicants that we would not have seen through the homelessness route and don't have a statutory responsibility for. We have also reviewed staffing in similar local authorities, particularly East Lindsey that took the housing register back in house last year and is using the same MRI software that we propose to.

3.9 We estimate that we will need an additional officer and an assistant to do the additional work. Additional management time will also be needed for dealing with appeals to applicants banding and asking for reviews etc, which will need to be factored in to ensure that there is sufficient capacity to cope with the extra work. We will however review the impact and success of operating a CBL scheme after a maximum of two years to assess whether it would be preferable to change from CBL to another system.

3.10 Bromford's long standing management of the housing register is set out in the Deed of Covenant and Variation to the housing transfer agreement signed in 2010 when HomeZone⁶ joined the Bromford group. Of particular importance is the clause on Choice and Mobility:

'To maintain involvement in the UChoose Lettings Partnership (and any successor choice based lettings scheme) including managing the Joint Housing Register for Lichfield and to enter into national arrangements for housing mobility or home-swapping.'

3.11 Bromford have offered financial compensation to end their contractual obligation for this, and since October 2019⁷ officers have held extensive negotiations to secure the best outcome possible for the council. Details of these negotiations and the estimated annual costs of us managing the housing register and allocations scheme in-house is set out in the confidential section **Appendix D**.

Allocations scheme

3.12 As outlined in the previous report to Cabinet, the new allocation scheme was developed in response to the introduction of the Homelessness Reduction Act (HRA) 2017 that placed a greater emphasis on the local authority to prevent and relieve homelessness. The current allocation scheme⁸ needed updating to allow us to discharge our duties under the new legislation and better reflect local priorities. Key changes were made as a result of a review to the priority bands to make them more reflective and realistic about the local housing picture and by adding, removing, moving and amalgamating some of the existing priority categories.

3.13 The new scheme was developed jointly with Bromford, in consultation with the other RPs on the understanding that Bromford would be continuing to administer the scheme on our behalf. However as the

⁵ MRI are a well-established company that started in 1971. They now own Orchard as well as Housing Partners and provide real estate and asset management tools too.

⁶ Lichfield District Council transferred its housing stock to Lichfield District housing Association on 24.3.97 following which it changed its name to HomeZone.

⁷ Following a report to Community Housing and Health over view and scrutiny committee on 17.10.19 - <https://democracy.lichfielddc.gov.uk/ieListDocuments.aspx?Cid=143&Mid=1523&Ver=4>

⁸ Lichfield Lettings Scheme (2013): <https://www.lichfielddc.gov.uk/Residents/Housing/Housing-advice/Downloads/Lichfield-lettings-scheme.pdf>

council will now be managing it in-house and it has been two years since it was first approved, some minor changes are needed. To make best use of the limited social housing stock in the district and manage expectations of those on the register, we have made some minor amendments to ensure that people with a genuine housing need are prioritised for rehousing. Although the Cabinet Member has delegated responsibility to agree these changes⁹, for transparency and completeness the proposed new scheme is in **Appendix B**. The main changes to the 2018 version agreed by Cabinet are:

- The addition of a category in Band 1 where applicants previously in the emergency band have been downgraded having refused a suitable offer of accommodation
- A condensing of the priority bandings to Emergency, 1 and 2
- Included that where we can we will provide tenancy support to mitigate the risk of tenancy failures and prevent repeat homelessness, instead of providing a programme of tenancy readiness
- Applicants in bands 1 and 2 who have either failed to respond to three offers, failed to respond to three invitations to view, refused three offers of accommodation or a combination of all three will be removed from the register rather than being downgraded. However with a choice based system it is unusual for bids to be made on properties that are later refused.

3.14 Section 170 of the Housing Act 1996 places a duty on RPs to cooperate with the local housing authority to offer accommodation to people with a priority under its allocation scheme. For Bromford, a Deed of Variation to the transfer agreement grants the Council 75% nominations rights over the transferred stock in perpetuity. We also have nominations agreements with the other RPs, that are predominantly 100% nomination rights for new build homes and 50% for relets, however the majority provide more than this as they do not have their own waiting lists. Discussions with all to date indicate that they would be willing to work with us if we operated a scheme ourselves and we will arrange for the large RPs to have their own licence to enable them to use the new system to advertise their own properties and run their own short list of applicants that bid for each vacancy. Given the move away from Homes Direct, we were already in the process of reviewing the nomination agreements with the RPs with stock to outline the percentage of vacant homes to be nominated to by the council, and this will be completed before the new system is launched.

3.15 The effect of applying the new allocation scheme will reduce the number on the register to between approximately 867 and 961; this is an increase from our previous estimation of between 701 and 853 using the number on the register at year end 2019- see **Appendix C**. Using the 961 upper figure, we estimate that of these 329 applicants (34%) would be our usual customers that would go through the homelessness assessment route, leaving 632 additional applicants (66%) that we would need to manage. However, this is only an estimate as all applicants would need to reregister and some may not do this or may not be able to provide sufficient evidence to complete the verification process stage.

3.16 Discussions have taken place with Bromford to agree what should happen to those households who are on the current Housing Register. We have agreed with Bromford that we will work together on the transition to the new scheme as we will need to contact applicants on the register that have expressed a preference to live in the district (c 1540) to make them aware of the change, deal with enquiries and assist eligible applicants to reregister on the new system.

3.17 Legally we have a duty to consult RPs about the new allocations scheme, which we did in 2018. We will however consult them again on the slightly amended version once Cabinet approval is given. In addition to this, we will contact applicants on the current housing register that have expressed a preference to live in Lichfield District to inform them of the changes. We will do this in conjunction with Bromford to tie in with the demobilisation plans for Homes Direct.

⁹ <https://democracy.lichfielddc.gov.uk/mgChooseDocPack.aspx?ID=234>

3.18 MRI have advised us that implementation of EHR and ATLAS will take approximately 16 weeks. A detailed timeline to achieve a 'go live' date of 1st April 2021 has been provisionally agreed with MRI; implementation can commence as soon as Cabinet approval is given.

<p>Alternative Options</p>	<p>To do nothing:</p> <ul style="list-style-type: none"> • This isn't an option as Homes Direct is now closing on 31st March 2021. We therefore need a new system to allocate social rented homes to those that we have a statutory responsibility for and others that are eligible under our allocations scheme. • It is a legal requirement for the local authority to have an allocation scheme in place as a way of prioritising applicants to vacancies in social housing; we could not continue with the existing allocation scheme as this is outdated and does not reflect the council's new duties under the Homeless Reduction Act or emerging local priorities. <p>To not have our own CBL scheme and provide direct nominations:</p> <ul style="list-style-type: none"> • It would not promote customer choice or encourage the creation of sustainable tenancies and communities • We would not have the intelligence that we need on the demand and need for social rented housing that is used to develop and inform our housing strategy, Local Plan policies or use as evidence when consulted on new planning applications • This option may potentially need less staff, however monitoring nomination agreements with RPs and dealing with bandings and refusals of offers would also be time consuming and so it is unlikely that less staff would actually be needed. An IT system would also need to be purchased; the MRI software we propose to purchase to operate a CBL includes 2 modules- Enhanced Housing Register (EHR) and ATLAS and the cost of EHR alone that we would need to provide nominations in accordance with our allocations scheme is the same. <p>To join another scheme rather than having our own:</p> <ul style="list-style-type: none"> • We are unaware of another suitable scheme that we could join. Homes Direct was the CBL scheme that was used by the majority of RPs in this area. As the largest stock holder, most lettings are done by Bromford who have made the decision to withdraw from it and operate their own waiting list so our options are very limited. Bromford's decision is in line with a trend for RP's to develop their own systems and move away from CBL partnerships that cover wide geographical areas. We have explored a shared service arrangement and there are not adequate synergies with another local authority to make this a viable option.
<p>Consultation</p>	<p>On 17th October 2019, the Community Housing and Health Overview and Scrutiny committee considered a report on Bromford's changed position and proposal for operating an in-house housing register. This along with slight amendments to the approved allocations scheme was endorsed by members of the committee and recommended to Cabinet for approval. Councillors had been previously consulted in 2018 when we held two briefing sessions in July followed by a key changes documentation sent to all councillors for comment.</p> <p>We consulted widely with RPs during the development of the new</p>

	<p>allocation scheme during 2018. We are discussing the current position with our approved RPs during our annual review meetings this year and so far all continue to be supportive of our proposed approach.</p> <p>Once approved we will conduct final consultation with RPs on the changes to the allocations scheme and closure of Homes Direct. Applicants on the current register that have indicated a preference to live in the district will be contacted directly to notify them of the changes.</p>
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Financial Implications	See Appendix D
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Contribution to the Delivery of the Strategic Plan	The Strategic Plan 2020-2024 has four corporate priorities; the one that the allocations scheme mostly contributes to is 'Enable people' to help themselves and others, and 'Be a good council' that is transparent and accountable and responsive and customer focussed.
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Equality, Diversity and Human Rights Implications	An Equalities Impact Assessment (EIA) and wider impact assessment have been completed on the allocations scheme to ensure we have met our legal obligations under the Equality Act and actions have been identified to reduce any negative impact where possible. The EIA has assessed how the changes are likely to affect applicants and will shape how we consult with them to minimise and mitigate any negative effect as a consequence of the changes.
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Crime & Safety Issues	Choice based lettings creates choice about where people live and contributes to sustainable communities.
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Environmental Impact	None identified.
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GDPR/Privacy Impact Assessment	A GDPR/Privacy Impact Assessment has been completed.
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RISK	Risk Description	How We Manage It	Severity of Risk (RAG)
A	The contract with Homes Direct ends before the new software solution is deployed.	<p>We are in active discussions with Midland Heart and Bromford over the demobilisation of Homes Direct that will close on the 31st March 2021. The last advertising cycle will be mid-March. A quote for a download of applicant's data has been requested from Civica, the software provider that runs Homes Direct, that could be used to allocate homes as a temporary measure in the event of any delays with the implementation of the new software.</p> <p>A project group has been established to manage the transition that is meeting weekly. Regular meetings are being held with MRI and a provisional timeline for implementation of the new system has been developed.</p>	<p>Likelihood: Red Impact: Amber Severity of risk: Red</p>
B	The volume of additional work from managing the scheme and register in-house is much higher than anticipated and we	<p>We are in continuing dialogue with Bromford over the new burden on the district council. Although we hope that we will have enough staff resources from the start, we need to continue to monitor this and be flexible where needed. Bromford have committed staff resources to assist with the initial transition and deal with reregistration's and enquiries. Support from our customer services (Connects) team is</p>	<p>Likelihood: Amber Impact: Amber Severity of risk: Amber</p>

	need to employ additional staff to cope	essential to the new system working and discussions with the customer services manager will continue to facilitate the transition.	
C	Reputational risk to the council if the communication to applicants is not well managed and timed.	We will contact applicants on the register that have expressed a preference to live in Lichfield district about the changes, especially to the priority bands and the need for reapplication. We will offer support to transfer to the new system to those who require it. We will look at incentives for the move, e.g. continue with original application date for those who remain in a similar priority. Wider impact assessment done to consider those negatively impacted by the changes, with early dialogue with these applicants to minimise impact.	Likelihood: Amber Impact: Amber Severity of risk: Amber
D	Statutory obligations not met in relation to discharging homeless, prevention and relief duties.	Legal advice has been sought to ensure that the new allocation scheme reflects statutory requirements. There is internal expertise within the group on the allocation of accommodation and homelessness. Completed document to be monitored on an ongoing basis.	Likelihood: Green Impact: Amber Severity of risk: Green
E	Lack of choice exercised by applicants' leads to an increase in reviews of the suitability of accommodation or refusals.	Only applicable if we moved away from a CBL scheme - need to ensure areas of preference selected by the applicant if looking at direct matching, and a statement on choice/preference is to be included in the final scheme documentation.	Likelihood: Green Impact: Green Severity of risk: Green

Background documents:

Lichfield District Housing, Homelessness and Rough Sleeping Strategy 2019-2024:

<https://www.lichfielddc.gov.uk/housing-strategy/download-housing-strategies?documentId=211&categoryId=20015>

Lichfield Lettings Scheme (2013): <https://www.lichfielddc.gov.uk/Residents/Housing/Housing-advice/Downloads/Lichfield-lettings-scheme.pdf>

Report to Cabinet 9th October 2018:

<https://democracy.lichfielddc.gov.uk/mgChooseDocPack.aspx?ID=234>

Report on changes to the housing options service Community Housing and Health O&S Committee 17th

October 2019: <https://democracy.lichfielddc.gov.uk/ieListDocuments.aspx?CId=143&MId=1523&Ver=4>

Relevant web links

Homelessness Reduction Act: <http://www.legislation.gov.uk/ukpga/2017/13/contents/enacted>